

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 AID-25 AS-01 SS-15 L-01 EB-04 INR-05

SP-02 RSC-01 /065 R

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ARA-LA:HWSHLAUDEMAN

DESIRED DISTRIBUTION

8T ACTION LA 11 INFO OL PPC AAID EXSEC OA CHRON 1 2 8 25P

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P 171832Z OCT 74

FM SECSTATE WASHDC

TO AMEMBASSY QUITO PRIORITY

C O N F I D E N T I A L STATE 228524

E.O. 11652: GDS

TAGS: PFOR, EC

SUBJECT: AID PHASEOUT

REF: A. QUITO 6784

B. QUITO 6693

1. WHILE WE APPRECIATE DIFFICULTIES CITED REF A WE
DO NOT BELIEVE THAT NOTIFICATION OF AID ASSISTANCE
POLICY DECISION CAN BE DELAYED MUCH BEYOND END OF
FOREIGN MINISTERS MEETING FOR THE FOLLOWING REASONS:

A. THE POLICY WILL BECOME PUBLIC IN ANY EVENT
WHEN THE FY 76 CONGRESSIONAL PRESENTATION IS SENT TO
CONGRESS. THE PRESENTATION WILL SHOW NO RPT NO
FUNDING FOR ECUADOR BEYOND FY 75.

B. THERE WILL PROBABLY NEVER BE A CONVENIENT TIME
TO CONVEY SUCH A DECISION. THE PROBLEMS THAT VEX OUR
RELATIONSHIPS TODAY ARE JUST AS LIKELY TO BECOME WORSE
AS BETTER. AN ADDITIONAL DISQUIETING POSSIBILITY IS
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THE RESUMPTION OF TUNA VESSEL SEIZURES WHICH WOULD RAISE

EVEN MORE SERIOUS QUESTIONS OF GOE REACTION. THUS, WITH THE POSSIBLE EXCEPTION OF THE PROXIMITY TO THE MFM, WE BELIEVE THERE IS PROBABLY MORE TO BE GAINED BY MOVING PROMPTLY THAN BY POSTPONING NOTIFICATION.

C. IF WE ARE UNABLE TO UNDERTAKE JOINT PLANNING

WITH THE GOE BEFORE MARCH OR APRIL, THERE IS A CLEAR PROBABILITY THAT WE WILL BE UNABLE TO PREPARE AND OBLIGATE A PHASEOUT TECHNICAL ASSISTANCE LOAN BY THE JUNE 30, 1975 DEADLINE.

D. IT WILL BE EXTREMELY DIFFICULT IF NOT IMPOSSIBLE RATIONALLY TO PLAN AND IMPLEMENT REMAINING GRANT TECHNICAL ASSISTANCE PROJECTS DURING FY 75 IF THE GOE IS NOT AWARE THAT THIS IS THE LAST YEAR OF FUNDING.

E. DEIDS PROJECT NOW READY FOR IMPLEMENTATION. IF IT IS TIED IN WITH PHASEOUT PACKAGE AS PROPOSED REF B, AND AS WAS ASSUMED WHEN PROJECT APPROVED, THEN THERE WILL BE SERIOUS PROBLEMS WITH CONTRACTORS DUE TO DELAY IF DEIDS PROJECT SHOULD BE NEGOTIATED WITHOUT REFERENCE TO PHASEOUT PLAN THEN WE WOULD BE GIVING AN ERRONEOUS SIGNAL TO GOE THAT WOULD MAKE SUBSEQUENT NOTIFICATION MORE DIFFICULT TO EXPLAIN.

2. FOR THE ABOVE REASONS WE CONTINUE TO BELIEVE THAT GOE SHOULD BE INFORMED OF POLICY DECISION PROMPTLY. BECAUSE OF CLEAR NEED TO PLAN PHASEOUT WITH GOE RECIPIENTS, WE BELIEVE IT WOULD BE INAPPROPRIATE TO ALLOT ANYTHING BEYOND MINIMUM FUNDING UNTIL GOE HAS BEEN NOTIFIED AND SUCH PLANNING CAN BE UNDERTAKEN. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, POLICIES, AID RECIPIENTS, PROGRAM ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 17 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE228524
Document Source: CORE
Document Unique ID: 00
Drafter: LA/EP:SPRINGLE/RFWEBER:ET
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740296-0130
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741038/aaaabgkv.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. QUITO 6784
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by cunninfx>; APPROVED <05 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AID PHASEOUT
TAGS: PFOR, EC
To: QUITO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005